

Minutes of the Finance Committee

Wednesday, May 3, 2006

Chair Haukohl called the meeting to order at 8:45 a.m.

Present: Supervisors Pat Haukohl (Chair), Bill Kramer, Rodell Singert, and Don Broesch. Ted Rolfs arrived at 8:48 a.m. **Absent:** Genia Bruce and Pamela Meyer.

Also Present: Legislative Policy Advisor Mark Mader, Engineering Services Manager Gary Evans, Business Manager Betsy Crosswaite, Building Operations Supervisor Scott Miller, Facilities Supervisor Jim Elsbury, Administration Director Norm Cummings, Principal Financial Projects Analyst Bob Ries, Land Resources Manager Perry Lindquist. Recorded by Mary Pedersen, County Board Office.

Announcements

Haukohl said, as chair, she practices an open meeting format. She allows public comments at the beginning of each meeting and also later in a meeting if someone wants to comment on a particular item. Announcements from committee members are also welcome but it is important that a full discussion does not commence. That issue can be placed on the Future Agenda Items list to be discussed at a later meeting.

Rolfs arrived at 8:48 a.m.

Correspondence received by committee members is welcome and can be announced during the "Review Correspondence" segment of each meeting. The committee's future agenda items list was included in the information that was mailed out for today's meeting. Items can be added to the list at each meeting. Legislative Policy Advisor Dave Krahn will appear periodically to give an update on State bills that could have fiscal impact on the County. Also at the start of each meeting, Haukohl said she will report on items discussed at the Executive Committee meeting.

Schedule Next Meeting Dates

Haukohl advised the next Finance Committee meetings were scheduled for May 17th and May 31st. Broesch noted that he would not be able to attend the June 21st meeting.

Review Correspondence

Singert advised of a letter from Dave Williams, Assistant Program Leader, Agriculture and Natural Resources Extension, UW-Extension, and former Waukesha County Agriculture Agent. Williams gives an update on the Waukesha County agriculture agent vacancy. Singert felt the letter contained misinformation. He expects all County Board Supervisors will receive a copy.

Nomination and Election of Committee Vice-Chair and Secretary

MOTION: Singert moved, second by Kramer to elect Don Broesch as Vice-Chair of the Finance Committee. Motion carried 5-0.

MOTION: Rolfs moved, second by Broesch to elect Bill Kramer as Secretary of the Finance Committee. Motion carried 5-0.

Meeting Approvals

MOTION: Broesch moved, second by Kramer to approve mileage for any committee members wanting to attend other standing committee meetings of the Waukesha County Board. Motion carried 5-0.

Discuss Committee Duties and Responsibilities as Contained in the Code of Ordinances

Mader explained the operating procedures and rules for the County Board and the Finance Committee as written in the County Code.

Contract Procurement Process for Roadway Design Services: RFP 06-103, Feasibility Study, CTH SR – STH 190 to CTH K, CTH K – Canadian National Railroad Grade Separation

Evans advised that seven vendors submitted RFP's for consideration. The contract was awarded to Alfred Benesch & Company, the highest rated proposer, for a total contract cost of \$168,860. A total of \$200,000 had been budgeted.

MOTION: Broesch moved, second by Singert to approve the contract procurement process for RFP 06-103. Motion carried 5-0.

Fund Transfer 2006-400-1: Public Works Dept. – Transfer Funds from Operating Expenses to Personnel Expenses

Miller, Elsbury, and Crosswaite discussed the fund transfer as outlined which involves transferring \$43,000 to pay County staff to paint various County buildings rather than hire a private contractor. Crosswaite said staff had studied this issue and determined it was more cost effective in certain circumstances. Miller said the painting costs about 69 cents per square foot with a private contractor versus 48 to 51 cents with a County employee.

MOTION: Singert moved, second by Kramer to approve fund transfer 2005-400-1, Public Works Department. Motion carried 5-0.

Financial Management and Fund Balance Policies and Bond Ratings

Cummings discussed this issue as outlined in the 2006 adopted budget book and his handouts entitled "The 12 Habits of Highly Successful Finance Officers" by Fitch Ratings and "Waukesha County – Changes in General and Special Revenue Funds, Expenditures, Undesignated Fund Balance." The County maintains unrestricted fund balances to provide necessary working capital to avoid cash flow interruptions and short-term borrowing to fund daily operations and to maintain the County's AAA / Aaa bond ratings. The unrestricted governmental (general and special revenue) fund balance to governmental expenditure ratios are to be maintained at a minimum of 11%. Fund balance reserves are not used to offset continuous operating efficiencies over the long term.

The unreserved General Fund balance combined with the unreserved Special Revenue Fund balance (governmental funds, excluding debt and capital projects) provides working capital. The

ratio of governmental funds unreserved fund balance to governmental expenditures for year-end 2005 is estimated at 16.5%, a managed decrease from the 17.6% at year-end 2004. This estimated percentage exceeds the County's goal of at least 11% which provides sufficient cash flow for the County's operations, and indicates major progress toward the target goal of 15%. The projection for year-end 2006 is estimated to achieve the target goal of 15.3%.

1st Quarter Report on Investments

Ries discussed the 1st quarter investments report as outlined. The return for the quarter increased from 0.66% to 0.97%. This is due in large part to the one time premium amortization loss due to the call of a US Treasury security in the JP Morgan portfolio that was recognized in the 4th quarter. Also, returns have improved, particularly in the money market funds as well as in the Dana Investment Advisors portfolio. Factoring out all gains and losses, including the 4th quarter premium amortization loss, the County's investment return increased from 0.90% to 1.01%.

Discuss Operations and Costs of the Countywide Compost Program

Lindquist distributed copies of "Finance Committee Report – County Nonmetallic Mining and Yard Waste Composting Operation." This involves a 110-acre parcel on Highway C just south of Highway 18. The County stopped mining it in the early '70's and it was contracted out on several occasions. Thereafter, staff developed four goals for a Countywide Compost Program: 1) Complete mining of available nonmetallic resources on County land in 10 years. 2) Host a countywide municipal yard waste composting operation to generate the topsoil needed to accomplish site reclamation goals and meet municipal need for yard waste disposal. 3) Remove existing County landfill from site to eliminate well restrictions and improve land value for future sale. 4) Reclaim the entire property by October 2014 to allow for future development in accordance with approved land use, reclamation and storm water plans.

Lindquist said bids were solicited in the spring of 2002 to operate a yard waste composting facility and to use the compost to reclaim the site. The contractor was required to spend their own money for all upfront costs. A 10-year contract was signed with Johnson Sand & Gravel of New Berlin in June of 2002 that required JSG to complete all site design, grading, landscaping, and final mine reclamation following various approved plans and permits. JSG subcontracts with S&R Composting for yard waste composting services. Permits were required relative to water use, groundwater monitoring, grading along shared property boundaries, landfill exhumation, and storm water management. Yard waste collections from 11 contracted communities began in October of 2004.

In 2004 and 2005, Lindquist advised that 295,110 tons of sand and gravel were mined (196,739 cubic yards). Mining fees collected from JSC, per contract, were \$64,200. A total of 8,547 tons of yard waste was processed and \$119,251 in processing fees were paid to S&R. A total of 13 tons of wood waste was processed. Wood waste processing fees paid to S&R (\$26/ton paid by each community) totaled \$329. It was noted that 122 tons of wood mulch was also sold. In 2005, \$33,600 of gravel royalties and \$56,393 in REI grant funds were used to offset community costs for yard waste processing. DNR revenues have totaled \$563,348 and expenses incurred by S&R have totaled \$85,937 for a REI fund balance of \$478,211. Lindquist believes these grant funds will last another five years and he anticipates another grant this year. Together, he anticipates the funds will last for years to come.

Singert felt the plan was flawed and this is not the best use of the natural resources. He feels an agreement should be reached to close off and mine under Highway C and then rebuild the road. We should have a reclamation plan that doesn't involve going uphill, a topographical problem, which would make the property even more valuable. There should be an agreement between the three area mining companies and we should consolidate the three reclamation plans, including the County's, into one. Lindquist agreed mining under Highway C could and probably should be done. The current contract doesn't prevent this from happening and that could be the next phase of the operation. But he stressed this would entail significant costs due to relocating that section of the road and the issue of coordinating a plan with two other mining operators. Mader, for the benefit of the new committee members, noted that this issue was considered prior to the start of the operation. Singert said this also involves a land use issue that needs to be resolved. Singert said it would seem reasonable to include the towns of Ottawa and Genesee in any further discussion to mine under Highway C as a condition as a request for proposal from hopefully the adjoining four mining companies. To address Singert's concern, Haukohl suggested this issue be kept on the Future Agenda Items list to monitor a possible second phase to operations.

Future Agenda Items

Monitor the Countywide Compost Operation (Singert)

MOTION: Kramer moved, second by Singert to adjourn at 12:44 p.m. Motion carried 6-0.

Respectfully submitted,

Approved on: _____

Bill Kramer
Secretary